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FOR IMMEDIATE RELEASE

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A.M. Best Affirms Credit Ratings of Berkshire Hathaway Homestate Insurance Company and Its Affiliates

OLDWICK, N.J., December 15, 2017—A.M. Best has affirmed the Financial Strength Rating of A++ (Superior) and the Long-Term Issuer Credit Ratings of “aa+” of **Berkshire Hathaway Homestate Insurance Company** (Omaha, NE) and its five property/casualty affiliates: **Cypress Insurance Company** (San Francisco, CA), **Oak River Insurance Company** (Omaha, NE), **Redwood Fire and Casualty Insurance Company** (Omaha, NE), **Brookwood Insurance Company** (Coralville, IA) and **Continental Divide Insurance Company** (Denver, CO). These companies are collectively referred to as **Berkshire Hathaway Homestate Companies** (BHHC). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect Berkshire Hathaway Homestate Insurance Company’s balance sheet strength, which A.M. Best categorizes as strongest, as well as its strong operating performance, neutral business profile and appropriate enterprise risk management.

The ratings also reflect BHHC’s strong risk-adjusted capitalization, historically profitable operating performance and the executive team’s successful track record in managing operations. Additionally, the ratings acknowledge the group’s consistent underwriting, aggressive claims management and a history of conservative loss reserving standards. Lastly, the ratings consider the additional financial flexibility and support provided by the group’s publicly traded parent and ultimate shareholder, **Berkshire Hathaway Inc.** [NYSE: BRK A and BRK B].

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The positive rating factors are offset somewhat by challenging market conditions and its business profile, which is concentrated in the workers' compensation line, primarily in California. Approximately 65% of direct writings in 2016 were from California. This concentration exposes the group to a heightened level of regulatory, judicial, legislative and competitive risks relative to its peers. An additional offsetting rating factor includes the risks associated with a large investment allocation in equity securities, as common stocks made up approximately 99% of policyholders' surplus at year-end 2016, thus remaining a potential source of volatility in earnings and capital appreciation. Despite these concerns, the rating outlooks reflect the group's strong risk-adjusted capitalization, proven operating performance, management's ability to quickly adapt to changing market conditions and the long-term support of Berkshire Hathaway Inc., particularly in the management of the group's investment portfolio.

While the group is well-positioned at the current rating level, negative rating actions could result if operating performance falls markedly short of A.M. Best's expectations, if there is considerable deterioration in risk-adjusted capitalization, or if A.M. Best determines that the strategic importance of the group no longer warrants rating enhancement.

This press release relates to Credit Ratings that have been published on A.M. Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see A.M. Best's [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Understanding Best's Credit Ratings](#). For information on the proper media use of Best's Credit Ratings and A.M. Best press releases, please view [Guide for Media - Proper Use of Best's Credit Ratings and A.M. Best Rating Action Press Releases](#).

A.M. Best is the world's oldest and most authoritative insurance rating and information source.

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